

Chairman Dennis J. Kucinich widened his investigation into delays in delivering retroactive retired pay to disabled veterans. In a letter to the Secretary of Defense, Kucinich requested documents relating to the Department of Defense's interpretation of the 2002 law creating Combat-Related Special Compensation. For several years after Congress passed CRSC, DoD prohibited retroactive pay awards. Only in 2006 did the Defense Finance and Accounting Service (DFAS) let a no-bid, Cost Plus contract to Lockheed Martin to calculate retroactive pay awards, known as "VA Retro." No payments were made before October 2006. The backlog of eligible disabled veterans at that time was 133,057. The backlog was cleared only in June 2008, five and one-half years after Congress enacted the CRSC law.

Chairman Kucinich's subcommittee staff found that poor contractor performance and government mismanagement were significant causes of the delayed benefits. Up to 8,763 disabled veterans died before their cases were reviewed for eligibility. Also discovered was a decision by DFAS to cut back on government quality controls of calculations made by Lockheed employees. At least 28,283 veterans were denied retroactive pay based on determinations made wholly without quality assurance review.

The Domestic Policy Subcommittee held a hearing on the issue on July 16, 2008. At the hearing DFAS made a commitment to review the accuracy of all denials of eligibility issued since the start of the VA Retro program. DFAS will also review accuracy payments issued during the period after quality controls were suspended.

The text of the letter follows:

July 24, 2008

Honorable Robert M. Gates
Secretary
Office of the Secretary
Department of Defense
The Pentagon
Washington, DC 20301

Dear Secretary Gates:

As you may know, the Domestic Policy Subcommittee's investigation into delays in the VA Retro pay program found poor contractor performance and government mismanagement contributed to a five and one-half year delay in adjudicating the cases of eligible disabled veterans.¹

The Subcommittee also found that the Department of Defense was slow to implement Combat-Related Special Compensation (CRSC), the first of two laws creating retroactive retired pay for disabled veterans. In order to assist the Subcommittee with its continuing investigation, I am writing to request the following documents:

- 1) All documents created by or in the possession of the Under Secretary of Defense for Personnel and Readiness and the Under Secretary of Defense (Comptroller) pertaining to CRSC;
- 2) All drafts of guidance and directives pertaining to CRSC;
- 3) All communications pertaining to CRSC between Office of the Secretary of Defense (OSD) and the Department of Veterans Affairs (DVA), and OSD and the Office of Management and Budget (OMB).

The Oversight and Government Reform Committee is the principal oversight committee in the House of Representatives and has broad oversight jurisdiction as set forth in House Rule X. An attachment to this letter provides information on how to respond to the Subcommittee's request. We request that you provide these documents as soon as possible, but in no case later than 5:00 p.m. on Thursday, August 7, 2008.

Sincerely,

/s/

Dennis J. Kucinich

Chairman

Domestic Policy Subcommittee

1. House Domestic Policy Subcommittee Majority Staff, "Die or Give Up Trying": How Poor Contractor Performance, Government Mismanagement and The Erosion of Quality Controls

Denied Thousands of Disabled Veterans Timely and Accurate Retroactive Retired Pay Awards, (July 15, 2008). The report's findings include: Up to 8,763 disabled veterans died before their cases were reviewed for VA Retro eligibility; DFAS found deficient the performance of the contractor (Lockheed Martin), but DFAS was unable to assess penalties by the contract's terms; DFAS cut back quality control and used federal workers to supplement Lockheed's workforce to decrease payment backlog; DFAS bypassed GAO regulations on the use of statistical sampling in federal quality-control procedures; Lockheed Martin applied a weaker standard to quality assurance than GAO mandates; up to 60,051 payments to veterans were issued after a suspension of quality control measures went into effect on March 1, 2008; and at least 28,283 veterans were denied retroactive pay based on determinations made wholly without quality assurance review.

See Section 636, Bob Stump National Defense Authorization Act for Fiscal Year 2003, Pub. L. No. 107-314 (2002), codified as 10 U.S.C. § 1413a.